

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN ROSALIE (ROSIE) BUZZAS**, on February 17, 2005 at 3:30 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Rosalie (Rosie) Buzzas, Chairman (D)
Rep. John E. Witt, Vice Chairman (R)
Rep. Tim Callahan (D)
Rep. Bill E. Glaser (R)
Rep. Ray Hawk (R)
Rep. Cynthia Hiner (D)
Rep. Verdell Jackson (R)
Rep. Joey Jayne (D)
Rep. Christine Kaufmann (D)
Rep. Ralph L. Lenhart (D)
Rep. Walter McNutt (R)
Rep. Penny Morgan (R)
Rep. John L. Musgrove (D)
Rep. Rick Ripley (R)
Rep. Janna Taylor (R)
Rep. Jack Wells (R)

Members Excused: Rep. Eve Franklin (D)
Rep. Jon C. Sesso (D)

Members Absent: Rep. Carol C. Juneau, Vice Chairman (D)
Rep. John Sinrud (R)

Staff Present: Marcy McLean, Committee Secretary
Jon Moe, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 288, 2/11/2005; HB 326,
2/11/2005; HB 31, 2/11/2005; HB
140, 2/11/2005; HB 148, 2/11/2005

HEARING ON HB 288**Opening Statement by Sponsor:**

REP. MARK NOENNIG, HD 46, Billings, opened the hearing on **HB 288**, a bill directing Department of Corrections (DOC) to collect supervisory fees instead of clerks of court. These fees are collected by probation officers; instead of having them deposited with the clerks of court and forwarded to the DOC, HB 288 would have the fees sent directly to the DOC.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 2.6; Comments: Rep. Sinrud entered hearing.}

Proponents' Testimony:

Mary Phippin, Montana Association of Clerks of District Court, said that previously the clerks of court were able to assess a 20% fee for processing these payments, but that fee has been taken away. Therefore, they would like to have the payments sent directly to the DOC, bypassing the clerks of court.

[EXHIBIT\(aph39a01\)](#)

[EXHIBIT\(aph39a02\)](#)

Joe Williams, DOC, said that they support HB 288. Approximately 7,300 offenders make these monthly payments, and the DOC wants the authority to process these payments directly through them.

{Tape: 1; Side: A; Approx. Time Counter: 2.6 - 5.2; Comments: Rep. Franklin entered hearing.}

Charles Brooks, Yellowstone County Commissioners, asked the Committee to support HB 288.

Opponents' Testimony: None

Closing by Sponsor:

REP. NOENNIG said that everybody involved thinks that this bill is fair and asked the Committee for a "do pass."

{Tape: 1; Side: A; Approx. Time Counter: 5.2 - 7.1}

HEARING ON HB 326**Opening Statement by Sponsor:**

REP. JIM PETERSON, HD 30, Buffalo, opened the hearing on **HB 326**, a bill to change penalty for second and subsequent methamphetamine (meth) possession conviction, requiring the DOC

to establish and maintain a residential treatment program. He said that this bill is a major step in addressing the serious problem of meth use. It provides for treatment of people who have been convicted of their second offense, by providing special treatment that is critical in the addressing the problem. The judges would be given the option of sentencing these offenders to a three-year special meth treatment program, instead of five years of incarceration.

{Tape: 1; Side: A; Approx. Time Counter: 7.1 - 8.2; Comments: Rep. Juneau entered hearing.}

He said that HB 326 requests \$2.37 million for the DOC to establish a 40-bed treatment center to be established in February 2006. The treatment program includes nine months of lock-down treatment, and another 16 months in an after-care facility. If an offender successfully completes this program, the balance of their sentence would be suspended. Therefore, this treatment option would be an incentive for these offenders to accept the treatment program, rather than five years in prison. He said that in the long run, this treatment program would save the DOC money. He also said that there is an identical Senate bill, however they are not taking action on that bill pending action on HB 326.

Proponents' Testimony:

Anna Whiting Sorrell, Family Policy Advisor for Governor

Schweitzer, said that they support HB 326 because their office is committed to prevention of drug abuse. They think that intervention, treatment and aftercare is a way to treat people who are addicted to meth. She said, also, that the Governor has said that his #1 wish is to get meth off of our streets, and asked the Committee to support HB 326.

Bill Slaughter, Director, DOC, said that meth is a horrible scourge on Montana, and is the most addictive drug he has ever seen. In 2004 there were 415 meth convictions, 132 women and 283 men. In the period 1995-2004 the top ten convictions have totally changed. Today, the top conviction for men is theft, and he said that relates directly to getting money to pay for drugs. For women, today the #1 offense is possession of drugs and #2 is theft. Four years ago, possession of drugs by women wasn't even in the top ten list of offenses. He said that 85% of the women in Montana's prison are non-dangerous offenders. Most of those are in prison for drug offenses, mostly meth.

He said that the proposed facility is for 40 beds because this is a small pilot program; there is no absolute program model for meth treatment. A few years ago the DOC implemented the WATCH

program (alcohol treatment program), and have found it to have a 72% success rate. They want to reproduce that model, with a longer in-treatment stay and adding some aftercare, for the treatment of meth addiction.

{Tape: 1; Side: A; Approx. Time Counter: 8.2 - 18.9}

Mike Ruppert, Boyd Andrew Community Services, said that his group has been providing chemical dependency treatment for 30 years, and the Helena Prerelease Center for the past six years. He said that if the state really wants to do something that will stop these felons from re-offending, then the key is to get them off of meth.

John Jensen, Fergus County Commissioner, said that two years ago they busted five meth labs in their county. It is a very big problem across the State of Montana. The occupancy rate in the Fergus County jail has doubled in the past two years, mostly due to drug abuse.

Mona Jamison, Great Falls Prerelease Center, Boyd Andrew Community Services, said that what is so critical about treating meth addiction is what happens after they leave the treatment center. HB 326 funds the basic treatment and the important aftercare. The prerelease centers provide the accountability during the aftercare phase. During this phase, the offenders will receive help in getting jobs and also help in keeping the meth out of their lives.

{Tape: 1; Side: A; Approx. Time Counter: 18.9 - 21.3; Comments: Rep. Sesso entered hearing.}

Don Hargrove, Montana Addiction Services Providers, said that meth use has pushed the State of Montana to do something about chemical abuse. Professionals say that the nine months of focused residential treatment is going to be the best that they can do. The aftercare required in HB 326 is very important to get these people transitioned out into the community. He said that considering the large amounts of money that are spent on corrections and social services, this treatment program will be a good, long-term investment.

Charles Brooks, Alternatives, Inc., Billings, said that this group would serve offenders in Billings during the after-care phase. He said that success ratios have been high in alternative programs, through their structured program. He said that this program would be a major way in getting control over the meth abuse problem in Montana.

Mike Thatcher, Community Counseling Corrections Services, Butte, said that HB 326 is the most far-sighted and progressive piece of

legislation that he has seen in the past 25 years of working in Corrections. He said that as administrator of the WATCH program, he knows that this program has been more successful than projected. Less than 7% of the participants have relapsed and had a subsequent DUI.

He expressed that he does not think the 40 beds proposed for the treatment center are not enough. Meth is extremely addiction, and studies indicate that short-treatment does not work. The aftercare treatment, as provided in HB 326, is going to be critical for success. He said that the State can't keep locking up these people in prisons without treatment.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. KAUFMANN asked why so much in resources is being proposed to address the end of the problem instead of the beginning. She also asked if funding for HB 326 has been included in the Governor's budget. **Anna Whiting Sorrell** said that they are working on a bill to deal with prevention, which would get the major ingredients for manufacturing meth off of the counters. They are looking at a whole continuum of solutions to the meth problem. She said that HB 326 is not included in the Governor's budget.

REP. SESSO said that he is familiar with the success of Butte's Community Counseling Corrections Services, and is concerned about the length of treatment for meth addiction.

{Tape: 1; Side: A; Approx. Time Counter: 21.3 - 32.6; Comments: End of Side A}

Mike Thatcher said that people who are addicted to meth require longer treatment due to the severe damage caused by meth abuse. Studies have shown that meth addicts cannot process information for more than 15-minute intervals until their system is depleted of the toxins. The 60-day programs in the Connections Corrections' 80-bed facility, is a short-term program because the residents have already completed some type of treatment. Typically, their average length of total treatment is eight months. Even though the WATCH program has been successful, it is lacking in aftercare treatment. HB 326 encompasses aftercare, in order to assure its success. He said that meth offenders have far more costs than locking them up; many of these people have tremendous medical and dental expenses. Any treatment program less than nine months will not be effective.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 3.1}

REP. WELLS said that if the bill addresses subsequent offenders, then where is the first-time offender covered. **Bill Slaughter** answered that this bill gives the judge the ability to make alternative sentencing options. Usually on the first felony offense, most judges will place the offender on probation.

REP. WELLS said that his concern is that meth is a highly addictive drug and people become addicted after first time use. **Bill Slaughter** said that some people can use drugs recreationally, such as marijuana. He said that a lot of offenders fail in probation, with 41% of them being sent to prison by the DOC. He said that they want to try to treat these meth addicts so that they don't see them again and again.

{Tape: 1; Side: B; Approx. Time Counter: 3.1 - 8.5}

REP. JAYNE asked if the 40-bed facility could be used for people with other addictions. **REP. PETERSON** said that this facility is going to specialize in meth addiction only. **Bill Slaughter** said that there are other systems in place to deal with other drug offenders.

REP. JAYNE said that there is always a waiting list for prerelease services, so what will be done to ensure that people leaving meth treatment will be quickly placed into prerelease. **Bill Slaughter** said this program requires that they go directly into prerelease. Following the aftercare phase, probation officers will be connecting these people to local community services.

{Tape: 1; Side: B; Approx. Time Counter: 8.5 - 16.7}

REP. JUNEAU asked how much the State currently spends on meth prevention programs for youth and families. She also asked about the #9 fiscal note. **REP. PETERSON** said that he did not know the answer, but said that there is no specialized program for teenage meth usage. He said that there is currently a waiting list for state prison beds, so those offenders are being held in county jails. This 40-bed facility would provide relief for state prison beds and they would be immediately filled by prisoners in county jails.

REP. JUNEAU asked about the 85% of women prisoners who are non-dangerous offenders and if there was an alternative to prison. **Bill Slaughter** said that these women have failed in probation several times, which is why they were placed in prison. Many of them have numerous health problems, and the courts could be placing them in prison to protect them. He said that the State's prevention budget is \$16.3 million, with the largest portion being \$8.8 million from the tobacco settlement. Currently, there is no specific meth treatment program.

CHAIRMAN BUZZAS said that in regard to the high rate of women in prison for drug abuse, then why would the 40-bed treatment facility allocate 30 beds for men and 10 beds for women. **Bill Slaughter** said there was no specific reason, but they would be willing to adjust those numbers. They would like to have a prerelease center just for women because they think it would be more successful.

CHAIRMAN BUZZAS asked about fiscal note #6, that estimates the cost of treatment for meth to be \$100 per day for the initial nine months. It then states that the aftercare treatment for men would be \$47 per day and for women \$51 per day. She asked why there is such a huge difference between the two phases. **Bill Slaughter** answered that their plan is to invest most of their money into the intensive nine-month treatment program. Aftercare is predominately a maintenance program with supervision. **Joe Williams, DOC**, said that the \$2.37 million requested in HB 326 would be for \$600,000 in 2006, \$1,460,000 in 2007 and \$318,288 for aftercare.

CHAIRMAN BUZZAS said that she is aware of meth residential treatment centers in Montana communities, and asked if the request for proposals (RFP) could ask for treatment beds in these existing facilities. She said that she thought it would be helpful to keep these offenders in their home communities. **Bill Slaughter** said that they have to keep in mind that these are inmates and whether the community wants them in their backyard. They are open to ideas to get the most for their money. He said that these offenders have been in prison in either Billings or Deer Lodge and have been separated from their families. It has always been a struggle to find aftercare treatment facilities that also provide for family interaction.

REP. KAUFMANN asked how the DOC will be working with the Department of Public Health and Human Services (DPHHS) to coordinate this treatment. **Bill Slaughter** said that he was proud to say that they are working with DPHHS and have signed a memorandum of understanding between the two departments. They know they need to find ways to work with the offenders who are being placed back into the Montana communities.

Closing by Sponsor:

REP. PETERSON thanked the DOC and the Governor's Office for their support of HB 326. This treatment facility is for second offenders who couldn't break their meth habit through traditional treatment methods. Some of these offenders are asking for help in treating their addiction.

**{Tape: 1; Side: B; Approx. Time Counter: 16.7 - 32.6; Comments:
End of Tape 1}**

HEARING ON HB 31

Opening Statement by Sponsor:

REP. DON ROBERTS (R), HD 56, opened the hearing on **HB 31**, a bill to establish an office of substance abuse prevention and treatment. He said that the testimony provided previously on HB 326 is also all the reasons why the State needs to establish this office. There are many social factors attributed to drug abuse, including theft and burglaries (stealing \$200,000 per year to support their habit), and a high rate of medical problems. He said that the State needs to become more aware of the drug problem and work to coordinate their efforts with the Department of Justice, Department of Corrections, Department of Agriculture, federal government, tribes, etc. The Commissioner of this new office would be in charge of evidence-based outcomes. They will find out what works and what doesn't, and will work with department heads to bring policy into place.

Proponents' Testimony:

Anna Whiting Sorrell, Family Police Advisor to Governor

Schweitzer, said that this is about all substance abuse that hurts Montana families. The Commissioner could coordinate services for substance abuse, and identify where there is duplication and lack of services. She said that last week Governor Schweitzer and Superintendent of Schools McCullough announced a major drug prevention initiative, and feel that prevention is the key to eliminating this problem. The drug commissioner's position is in the Governor's budget, contingent upon passage of HB 31.

Vicki Turner, Prevention Resource Center, DPHHS, said that since 1996 they have been advocating for integrated prevention, recognizing that it would take a multi-faceted and coordinated approach.

Mike Ruppert, Boyd Andrew Community Services, said that this bill would help to bring everybody involved in substance abuse together, particularly the DOC and DPHHS.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 13.5}

Pat Melby, Montana Medical Association, Rimrock Foundation, said that the testimony from HB 326 is evidence of why this position is needed.

Don Hargrove, Montana Addiction Services Providers, said that lots of State departments have been affected by the drug use issues. The position of commissioner will have the clout to bring these departments together.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. MORGAN asked why this position couldn't be placed in the DPHHS, in order to be more efficient and save money. **Vicki Turner** said that the commissioner position needs to be in the Governor's Cabinet for higher visibility.

REP. TAYLOR said that this position will replace the Interagency Coordinating Council (ICC) for State Prevention Programs. She asked for information on the make-up of this Council, and the costs of operation. **Vicki Turner** said that the ICC was created by the legislature, but never funded. They meet quarterly until up to a year and a half ago, but did not have a lot of outcomes.

REP. SINRUD asked what other states are doing in this area. **Vicki Turner** said there are a variety of different things being done by other states. The study that was done indicated that the residents of Montana wanted the commissioner position. She said, "You can't legislate leadership; you have to create the infrastructure to have it happen. The creation of this position is a start in providing leadership to the drug problem, but it is going to take time."

REP. SINRUD asked if they have been working to get Federal funds from the Center for Disease Control (CDC) to offset the costs to the state. **Vicki Turner** said that getting some Federal funds is their hope. The drug commissioner would also have DPHHS as a resource to secure those Federal dollars.

REP. JAYNE said that Governor Martz had an Alcohol, Tobacco and Other Drug Control Policy Task Force, which did extensive work and made recommendations; she asked if the drug commissioner's office would be re-creating this work that has already been done. **Vicki Turner** answered, "No." She said that the intent is to build upon what has already done.

REP. JAYNE said that HB 31 is requesting \$389 million in general funds for the biennium, and asked if they could secure these funds from other sources. **REP. ROBERTS** said that this request is in Governor Schweitzer's budget and that he feels it is best to keep it there.

REP. JUNEAU asked the sponsor if he would consider adding gambling addiction to this bill. **REP. ROBERTS** said that he would not because it is a different type of addiction, and expands beyond the intent of this bill.

{Tape: 2; Side: A; Approx. Time Counter: 13.5 - 32.6; Comments: End of Side A}

REP. JUNEAU asked how much is being spent in schools for drug and alcohol prevention education. She said that she is concerned about the gradual reduction in money provided for this type of education. **REP. ROBERTS** said that he did not have a specific number, but referred her to the bill where it states, "agencies to cooperate with Office of Substance Abuse Prevention and Treatment, shall provide budgetary program and grant information on a regular basis." He said that the commissioner will be able to gather this information for a more coordinated effort.

Closing by Sponsor:

REP. ROBERTS said that the office of the commissioner will be able to set his/her agenda with input from other departments. The intent is to have a program of prevention, intervention and treatment prior to prison.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 4.5}

HEARING ON HB 140

Opening Statement by Sponsor:

REP. JOHN PARKER, HD 23, Great Falls opened the hearing on **HB 140**, a bill to revise laws on consumer credit counseling. He said that the bill is designed to put some regulation on credit counseling companies, because a few of these companies are predatory.

Proponents' Testimony:

Cort Jensen, State Consumer Protection Attorney, said that the credit counseling industry requested to be regulated because of abuses by a few companies. The \$2,500 funding for this regulation will be paid for by a fee assessed to these companies.

Opponents' Testimony: None

Closing by Sponsor:

REP. PARKER said that he had nothing more to add.

{Tape: 2; Side: B; Approx. Time Counter: 4.5 - 8.6}

HEARING ON HB 148

Opening Statement by Sponsor:

REP. CAROL LAMBERT, HD 39, Baker opened the hearing on **HB 148**, a bill to provide for the actuarial funding for public employees', sheriffs', game wardens', and peace officers' retirement systems. She said that Montana's constitution requires that public retirement systems be properly funded on an actuarial basis. During the 2001 and 2002 downturn in the stock market, these funds were not adequately funded, because the portfolio of investments managed by the Board of Investments lost money. She said that at this point, the State is unable to actuarially fund these accounts in 30 years. Therefore, HB 148 requests permission to gradually increase the employer contributions. Once the funds are actuarially sound, these increases will terminate. She also stated that this requested funding is in Governor Schweitzer's budget.

Proponents' Testimony:

Mike Connor, Montana Public Employees Retirement System (PERS), handed out a packet of information detailing all of the public retirement plans for the State of Montana.

EXHIBIT (aph39a03)

EXHIBIT (aph39a04)

He said that the PERS Board has a funding policy that states:

"When long-term cash flow projections are that the amortization period of unfunded liabilities is projected to exceed 30 years for two consecutive evaluations and the Board cannot reasonably anticipate the amortization period would decline without increasing funded sources, it is the obligation of the Board to recommend to the Legislature that funding be increased."

This policy was adopted in 1995, and this is the first time that PERS has had to come to the Legislature and address funding issues with retirement plans. The 2004 audit opinion recommended that the PERS Board seek legislation for funding changes to ensure that these retirement systems are funded on an actuarially sound basis, as required by the Montana Constitution.

The definition of "actuarially sound," as stated in MCA 19-2-409, is "Contributions to each retirement plan must be sufficient to

pay full actual costs of the plan. The actual costs includes both normal costs for providing benefits as they accrue in the future and the cost of amortizing unfunded liabilities over a scheduled period, no more than 30 years." He said that these three retirement systems are not currently in a sound financial position to be able to pay off their liabilities within 30 years.

The investment return in 2001 and 2002 fell drastically, with returns of -5% and -7.23%, respectively. The actuarial assumption is that the return will average 8% per year. Therefore, actuarially, years 2001 and 2002 had losses of -13% and -15.23%. In the PERS system in 2001 and 2002, the actuarial loss was \$385 million and \$425 million, respectively. A loss this large has actually caused there to be a loss of principal, resulting in a subsequent loss of interest. Seventy-five percent of the revenue to fund the PERS system comes from investment income, 12% from employer contributions, 13% from member contributions, and .08% from the State's contribution. The purpose of HB 148 is to add 2/3 of 1% to employer contributions, effective July 1, 2005, and then add another 2/3 of 1% on July 1, 2007. These additional contributions will sunset when PERS has the ability to pay off the unfunded liability over 25 or less years.

Leo Beery, Association of Retired Public Employees and Montana Public Employees Association, said that in the 20 years he has represented the association, this is the first time that this problem has taken place. Prior to this problem, the fund had a surplus of several hundred million dollars. But with the big drop in the stock and bond markets, the surpluses vanished. He said that it is imperative that the legislature supplement the funds in order to return them to an actuarially sound basis.

The Chairman of the Federal Reserve says that the economy is on track to continue to grow and as a result, stability should return to these retirement funds. Once they become actuarially sound, this additional funding ceases.

{Tape: 2; Side: B; Approx. Time Counter: 8.6 - 25.8}

Tom Bilodeau, Montana Education Association-Montana Federation of Teachers (MEA-MFT), reminded the Committee that in 1994 the initiative to fund the public retirement systems passed with a vote of 74-26%. This resulted in a constitutional obligation to the retirement fund. It assures the constant funding to pay benefits that were guaranteed to members of the pension systems. He said that the additional expense to the State has been included in the Governor's budget.

Opponents' Testimony: None

Questions from Committee Members and Responses:

CHAIRMAN BUZZAS asked who is responsible for the investment portfolio. **Mike Connor** said that it is the Board of Investments.

REP. WELLS referred to the fiscal note that says this bill would cost \$2.5 million to the General Fund. He asked that if the stock and bond markets continue to go up, would the surplus be paid back into the General Fund. **Mike Connor** said that if that happens, then at the next actuarial valuation of the fund, the additional employer contributions would sunset. But there is not a plan to pay back the General Fund because the money has already been used to pay off the liability.

REP. WELLS said that the money put into the fund now will be paid out in a short amount of time. Therefore, any surplus developed would be used to go back into the fund and pay for benefits.

Mike Connor said that there would not be a surplus in the near future, because all money would go back into the fund to pay for the unfunded liability.

{Tape: 2; Side: B; Approx. Time Counter: 25.8 - 32.6; Comments: End of Tape 2}

REP. JACKSON asked about the loss in value of the retirement account in 2001, and if the principal value remains constant when they are paying out 8%. **Mike Connor** said that in 2000 they had an investment return of 7.97%, but since the assumption was that they would do 8%, there was a slight loss. When the actuary does a valuation of the fund, they will review the assets and the expected payout over 30 years. If the assets plus the projected 8% growth is not adequate, then there is an unfunded liability. There has to be a means of paying off the unfunded liability over 30 years. He said that as of today, they do not have that ability.

REP. GLASER asked what the status was in terms of years of unfunded liability when the actuary looked at this. **Mike Connor** said that at the time of valuation, the payments to the unfunded liability were not enough to even pay the interest. Therefore, it was an infinite number of years; the funds would just continue to get deeper in debt. They said that in order to pay off the unfunded liability over the 30 years, it would take the 2/3 of 1% increase to employer contributions in 2005 and 2007. They estimate that the additional contribution could probably be stopped in 25 years.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 7.3}

REP. JACKSON asked what the total amount of the fund is and how much principal has been lost. **Mike Connor** said that the PERS

fund has an asset value of \$3.0 billion and liabilities of \$3.5 billion. He said that the \$385 million lost in 2001 is a combination of principal and interest.

REP. JACKSON said that he was trying to determine how much the fund went into a negative balance and how fast it is recovering. He said that it appeared that the principal has been impacted so severely, that the fund will not recover by itself and will need a cash infusion plus an increase in the employer contribution rates. **Mike Connor** said that was a good representation of the problem.

REP. JACKSON asked how the Board of Investments manages this investment portfolio. **Mike Connor** said that the Board of Investments is made up of a staff of investment professionals who do an excellent job. He said that the losses in 2001 and 2002 were much less than many other retirement plans. Since those losses, he said that the Board has positioned themselves well to recover from the market loss.

{Tape: 3; Side: A; Approx. Time Counter: 7.3 - 11.6}

CHAIRMAN BUZZAS asked, in referred to the fiscal note, if this would be an on-going obligation of the State and the other parties involved. **Mike Connor** said that the obligation would sunset once the fund is able to pay off the unfunded liability over 25 or fewer years. **CHAIRMAN BUZZAS** asked if that meant that the General Fund would be committed to contribute \$2.4 million annually over the next 25 years. **Mike Connor** said that commitment would be for up to five years, which should bring the unfunded liability position down from 30 years to 25 years, and the general fund contribution could then be eliminated.

REP. SINRUD asked how much money from the principal was lost. **Mike Connor** said that in 2001-2002 the loss in the fund was \$800 million.

Closing by Sponsor:

REP. LAMBERT reminded the Committee that it is constitutionally required that the public employees retirement funds be adequately funded. She said that this appropriation has been included in the Governor's budget.

ADJOURNMENT

Adjournment: 6:20 P.M.

REP. ROSALIE (ROSIE) BUZZAS, Chairman

MARCY MCLEAN, Secretary

RB/mm

Additional Exhibits:

EXHIBIT ([aph39aad0.TIF](#))